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BEFORE THE DEPARTMENT OF BUSINESS OVERSIGHT
OF THE STATE OF CALIFORNIA

In the Matter of:)	CRD No. 147837
)	
THE COMMISSIONER OF BUSINESS)	(1) STATEMENT IN SUPPORT OF ORDER
OVERSIGHT,)	LEVYING ADMINISTRATIVE
)	PENALTIES UNDER CORPORATIONS
Complainant,)	CODE SECTION 25252
)	
v.)	(2) DESIST AND REFRAIN ORDER
)	
PILLAR WEALTH MANAGEMENT, LLC,)	
)	
Respondent.)	
)	
)	
)	

Jan Lynn Owen, the Commissioner of Business Oversight (“Commissioner”), is informed and believes, and based upon such information and belief, alleges and charges Respondent as follows:

I

Jurisdiction and Venue

1. The Commissioner brings this action under the provisions of Corporations Code sections 25252 and 25532.

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2. The Commissioner is authorized to administer and enforce the provisions of the Corporate Securities Law of 1968 (Corp. Code, § 25000 et seq.) (“CSL”).

II

Statement of Facts

3. At all relevant times herein, Pillar Wealth Management, LLC (“Pillar Wealth Management”) was a California limited liability company with its primary place of business located at 1255 Treat Boulevard, Suite 300, Walnut Creek, California.

4. On or about September 8, 2008, Pillar Wealth Management registered with the United States Securities and Exchange Commission (“SEC”) as an investment adviser under Section 203 of the Investment Advisers Act of 1940, and has been licensed under Section 203 since that time.

5. According to the Investment Adviser Registration Depository (“IARD”), Pillar Wealth Management holds at least 341 accounts and assets under management of at least \$136,000,000.00.

6. In accordance with the provisions of Corporations Code section 25230.1, subdivisions (b)(1) and (2), on or about September 8, 2008, Pillar Wealth Management filed an annual notice and paid a notice filing fee to the Commissioner.

7. From at least 2009 to 2014, Pillar Wealth Management failed to file annual notices with the Commissioner or pay the annual notice filing fees as required by Corporations Code section 25230.1.

8. On or about May 22, 2015, the company filed an annual notice with the Commissioner and paid the notice filing fee as required under section 25230.1.

9. After receiving Pillar Wealth Management’s 2015 annual notice, on or about May 29, 2015, the Commissioner requested Pillar Wealth Management address the company’s failure to submit the required notice filings since at least 2008.

10. On or about June 12, 2015, the company, through counsel, responded to the Commissioner’s request as follows:

[T]he firm has always been subject to Section 25230.1 of the Corporation [sic] Code. Due to confusion with regard to the jurisdiction of federal and state law and the application of The National Securities Markets Improvements [sic] Act of 1996, the firm has not made notice

1 filings consistent with the requirements of Section 25230.1(b)(1)-(2). In
2 no way did the firm intentionally try and evade the notice filing
3 requirements. The firm was not properly advised by its compliance
4 consulting firm on the requirements of making these filings. We
5 acknowledge that this does not absolve the firm from making these
6 notice filings. At this time, the firm is now aware of this requirement.

7 III

8 Applicable Statutes

9 11. Corporations Code section 25230 provides:

10 (a) It is unlawful for any investment adviser to conduct business as an
11 investment adviser in this state unless the investment adviser has first
12 applied for and secured from the commissioner a certificate, then in
13 effect, authorizing the investment adviser to do so or unless the
14 investment adviser is exempted by the provisions of Chapter 1
15 (commencing with Section 25200) of this part or unless the investment
16 adviser is subject to Section 25230.1.

17 (b) No person, on behalf of an investment adviser that has obtained a
18 certificate pursuant to Section 25231, may, in this state: offer or
19 negotiate for the sale of investment advisory services of the investment
20 adviser; determine which recommendations shall be made to, make
21 recommendations to, or manage the accounts of, clients of the
22 investment adviser; or determine the reports or analyses concerning
23 securities to be published by the investment adviser, unless the
24 investment adviser and that person have complied with rules that the
25 commissioner may adopt for the qualification and employment of those
26 persons.

27 (c) The commissioner may, consistent with Section 25232.1, review the
28 disciplinary history of an investment adviser representative upon the
filing of notice of any of the following:

(1) The employment, association, or transfer of the investment adviser
representative.

(2) An amendment to the information filed by the investment adviser
representative at the time of employment, association, or transfer.

(3) The termination of employment or association of the investment
adviser representative.

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12. Corporations Code section 25230.1 provides:
 - (a) A person that is registered under Section 203 of the Investment Advisers Act of 1940 as an investment adviser is not subject to the requirement of obtaining a certificate under Section 25230, but may not conduct business in this state unless the person has fewer than six clients as specified in Section 25202 or unless the person first complies with subdivision (b). An investment adviser representative that has a place of business in this state may be required to obtain a certificate pursuant to Section 25231.
 - (b) A person subject to subdivision (a) shall:
 - (1) File with the commissioner an annual notice, consisting of those documents filed with the Securities and Exchange Commission pursuant to the securities laws that the commissioner by rule or order deems appropriate or, in lieu thereof, a form prescribed by the commissioner, and a consent to service of process under Section 25240.
 - (2) Pay the notice filing fee provided for in subdivision (d) of Section 25608.1.
 - (c) No investment adviser representative, on behalf of an investment adviser subject to subdivision (a), may, in this state: offer or negotiate for the sale of investment advisory services of the investment adviser; determine which recommendations shall be made to, make recommendations to, or manage the accounts of, clients of the investment adviser; or determine the reports or analysis concerning securities to be published by the investment adviser, unless the investment adviser representative has complied with rules that the commissioner may adopt for the qualification and employment of investment adviser representatives.
 - (d) Subdivision (a) does not prohibit the commissioner from investigating and bringing enforcement actions with respect to fraud or deceit, including and without limitation, fraud or deceit under Section 25235 and the rules of the commissioner adopted thereunder, against an investment adviser or an investment adviser representative.
13. Corporations Code section 25608.1, subdivision (d)(1) provides:

The fee for an investment adviser filing a notice pursuant to subdivision (b) of Section 25230.1 is one hundred twenty-five dollars (\$125) and the fee for filing a notice or report required by rules adopted pursuant to subdivision (c) of Section 25230.1 is twenty-five dollars (\$25).

IV

Findings of Fact

14. Pillar Wealth Management violated Corporations Code section 25230.1 of the CSL by failing to file its annual notice and pay the \$125.00 filing fee for the years 2009 through 2014.

V

Order Levying Administrative Penalties

(For Violations of Corporations Code section 25230.1)

15. Complainant realleges and reincorporates by reference paragraphs 1.-14. of this Statement in Support as though fully set forth herein.

16. Corporations Code section 25252, subdivision (b), authorizes the Commissioner to issue an order levying administrative penalties against any investment adviser that willfully violates any provision of the CSL and any rules promulgated thereunder. Specifically, Corporations Code section 25252, subdivision (b), provides:

Any broker-dealer or investment adviser that willfully violates any provision of this division to which it is subject, or that willfully violates any rule or order adopted or issued pursuant to this division and to which it is subject, is liable for administrative penalties of not more than five thousand dollars (\$5,000) for the first violation, not more than ten thousand dollars (\$10,000) for the second violation, and not more than fifteen thousand dollars (\$15,000) for each subsequent violation.

17. Based on the foregoing findings of fact, as set forth fully above in paragraphs 1.-14., Pillar Wealth Management willfully violated the following provision of the CSL:

A. Corporations Code section 25230.1, subdivisions (b)(1) and (2), by failing to file its annual notice and pay the notice filing fee for the years 2009 through 2014.

WHEREFORE, good cause showing, and under Corporations Code section 25252, subdivision (b), the Commissioner prays for an order levying administrative penalties against Pillar Wealth Management, as follows:

A. Under Corporations Code section 25252, subdivision (b), the Commissioner levy administrative penalties of \$5,750.00 as a result of Pillar Wealth Management's violations of Corporations Code section 25230.1.

VI

Desist and Refrain Order

(For Violations of Corporations Code section 25230.1)

18. Complainant realleges and reincorporates by reference paragraphs 1.-14. of this Statement in Support as though fully set forth herein.

19. Corporations Code section 25532, subdivision (b), in pertinent part, states:

If, in the opinion of the commissioner, a person has been or is acting as a broker-dealer or investment adviser, or has been or is engaging in broker-dealer or investment adviser activities, in violation of Section 25210, 25230, or 25230.1, the commissioner may order that person to desist and refrain from the activity until the person has been appropriately licensed or the required filing has been made under this law.

20. Based upon the foregoing findings of fact, as set forth fully above in paragraphs 1.-14., the Commissioner is of the opinion that Pillar Wealth Management engaged in investment adviser activities in violation of section 25230.1.

IT IS HEREBY ORDERED EFFECTIVE IMMEDIATELY THAT:

A. Under Corporations Code section 25532 of the CSL, Pillar Wealth Management desist and refrain from engaging in investment adviser activities until it has been appropriately licensed or the required filing has been made under the law.

This Order is necessary, in the public interest, for the protection of investors and consistent with the purposes, policies, and provisions of the CSL.

Dated: June 30, 2016
Los Angeles, CA

JAN LYNN OWEN
Commissioner of Business Oversight

By _____
MARY ANN SMITH
Deputy Commissioner
Enforcement Division